

House Study Bill 717 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
ENVIRONMENTAL PROTECTION
BILL BY CHAIRPERSON OLSON)

A BILL FOR

- 1 An Act relating to motor fuel, by providing for a biodiesel
- 2 quality standard, making penalties applicable, and including
- 3 effective date provisions.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. FINDINGS AND PURPOSE OF THE ACT — SUSTAINABLE
2 BIODIESEL INITIATIVE.

3 1. The general assembly finds and declares that access to
4 affordable energy has become essential to the functioning of
5 modern economies. However, the uneven distribution of energy
6 supplies among countries and the critical need for energy has
7 created significant vulnerabilities to this nation. Threats to
8 national energy security include the political instability of
9 several energy producing countries, the manipulation of energy
10 supplies, the competition over energy sources, and attacks upon
11 energy supply infrastructure.

12 2. The purpose of this Act is to accomplish the vital
13 goals of promoting sustainable biodiesel that will demonstrate
14 environmental stewardship across its life cycle by maximizing
15 a net energy balance, minimizing negative impacts on natural
16 ecosystems, both globally and locally, and adding value to
17 Iowa commodities; creating wealth; and enhancing the entire
18 community of energy stakeholders.

19 Sec. 2. Section 15G.201A, Code Supplement 2009, is amended
20 to read as follows:

21 **15G.201A ~~Classification~~ Designation of renewable fuel.**

22 For purposes of this subchapter, ethanol blended fuel and
23 biodiesel fuel shall be ~~classified~~ designated in the same
24 manner as provided in section 214A.2.

25 Sec. 3. Section 15G.202, subsection 2, unnumbered paragraph
26 1, Code 2009, is amended to read as follows:

27 The infrastructure board shall be composed of ~~eleven~~ members
28 ~~who shall be~~ appointed by the governor as follows:

29 Sec. 4. Section 15G.202, subsection 2, paragraph c,
30 unnumbered paragraph 1, Code 2009, is amended to read as
31 follows:

32 ~~Nine persons~~ Persons based on nominations made by the
33 titular heads of all of the following:

34 Sec. 5. Section 15G.202, subsection 2, paragraph c,
35 subparagraph (4), Code 2009, is amended by striking the

1 subparagraph.

2 Sec. 6. Section 15G.202, subsection 8, Code 2009, is amended
3 to read as follows:

4 8. ~~Six~~ A majority of members of the infrastructure board
5 constitute a quorum and the affirmative vote of a majority of
6 the members present is necessary for any substantive action
7 to be taken by the infrastructure board. The majority shall
8 not include any member who has a conflict of interest and
9 a statement by a member that the member has a conflict of
10 interest is conclusive for this purpose. A vacancy in the
11 membership does not impair the duties of the infrastructure
12 board.

13 Sec. 7. Section 15G.203, subsection 1, paragraph a,
14 subparagraph (1), subparagraph division (b), Code Supplement
15 2009, is amended to read as follows:

16 (b) ~~Store, blend,~~ Blend and dispense motor fuel from a motor
17 fuel blender pump, as required in this subparagraph division.
18 The ethanol infrastructure must provide for the storage of
19 ethanol or ethanol blended gasoline, or for blending ethanol
20 with gasoline. The ethanol infrastructure must at least
21 include a motor fuel blender pump which dispenses different
22 ~~classifications~~ designations of ethanol blended gasoline and
23 allows E-85 gasoline to be dispensed at all times that the
24 blender pump is operating.

25 Sec. 8. Section 15G.203, subsection 1, paragraph a,
26 subparagraph (2), Code Supplement 2009, is amended to read as
27 follows:

28 (2) Biodiesel infrastructure shall be designed and used
29 exclusively to do any of the following:

30 (a) Store and dispense biodiesel ~~or biodiesel-blended~~ fuel
31 designated B-6 or higher.

32 (b) Blend or dispense biodiesel fuel from a motor fuel
33 blender pump which dispenses different designations of
34 biodiesel fuel designated B-6 or higher to be dispensed at all
35 times that the blender pump is operating.

1 Sec. 9. Section 15G.204, subsection 3, paragraph a,
2 subparagraph (1), Code 2009, is amended to read as follows:

3 (1) For improvements to store, blend, or dispense biodiesel
4 fuel from ~~B-2~~ B-5 or higher but not as high as B-99, fifty
5 percent of the actual cost of making the improvements or fifty
6 thousand dollars, whichever is less.

7 Sec. 10. Section 214A.2, subsection 4, paragraph b,
8 subparagraph (2), Code Supplement 2009, is amended by striking
9 the subparagraph.

10 Sec. 11. NEW SECTION. **214A.2C Standard for diesel fuel —**
11 **biodiesel required.**

12 A retail dealer shall not advertise for sale or sell diesel
13 fuel in this state, unless it is biodiesel fuel designated as
14 B-5 or higher as specified in section 214A.2.

15 Sec. 12. NEW SECTION. **214A.2D Standard for diesel fuel —**
16 **exceptions.**

17 1. Section 214A.2C does not apply to diesel fuel used to
18 power any of the following:

19 *a.* (1) A motor located at an electric generating plant
20 regulated by the United States nuclear regulatory commission.

21 (2) This paragraph “a” is repealed thirty days after the
22 United States nuclear regulatory commission approves the use of
23 biodiesel fuel designated as B-5 or higher in motors located at
24 electric generating plants that it regulates.

25 *b.* A railroad locomotive.

26 *c.* A vehicle used primarily on the grounds of a public
27 airport.

28 *d.* A motor used to temporarily generate power due to
29 peak demand for electricity or a disruption in the delivery
30 of electricity or natural gas until the delivery of the
31 electricity or natural gas may be resumed.

32 2. Section 214A.2C does not apply during a period that the
33 governor issues a biodiesel suspension order.

34 *a.* The biodiesel suspension order must include a
35 determination by the governor that any of the following exists:

1 (1) A lack of infrastructure in this state necessary to
2 support the retail sale of biodiesel fuel designated as B-5 or
3 higher.

4 (2) A significant shortage of biodiesel fuel designated as
5 B-5 or higher in this state available for retail sale in this
6 state.

7 (3) A systemic market change in the supplies or prices of
8 biodiesel fuel designated B-5 or higher causing a material
9 economic hardship to the state.

10 b. The biodiesel suspension order may reduce the biodiesel
11 fuel designation otherwise required by section 214A.2C during
12 the period of the suspension. The biodiesel suspension order
13 may apply to the entire state or to specific counties named in
14 the biodiesel suspension order.

15 c. The biodiesel suspension order shall take effect on the
16 date of the order's publication in the Iowa administrative
17 bulletin unless the biodiesel suspension order specifies a
18 later date. The biodiesel suspension order shall terminate on
19 a date certain as specified in the biodiesel suspension order.

20 Sec. 13. EXISTING INVENTORIES OF DIESEL FUEL.

21 1. a. Notwithstanding section 214A.2C, diesel fuel
22 inventories, stored at a retail motor fuel site as defined in
23 section 214A.1, existing on the effective date of this Act, may
24 continue to be sold and dispensed.

25 b. Paragraph "a" shall not apply once all diesel fuel
26 inventories existing at a retail motor fuel site as defined in
27 section 214A.1, on the effective date of this Act, have been
28 sold or dispensed.

29 2. Nothing in this section authorizes a retail dealer to
30 acquire diesel fuel other than biodiesel fuel designated B-5 or
31 higher as provided in section 214A.2 on or after the effective
32 date of this Act.

33 Sec. 14. RULES. The department of agriculture and land
34 stewardship shall adopt rules to implement the provisions of
35 sections 214A.2C and 214A.2D, as enacted in this Act, and the

1 rules shall be effective January 1, 2012.

2 Sec. 15. EFFECTIVE DATES. The following provision or
3 provisions of this Act take effect as follows:

4 1. Except as provided in subsection 2, this Act takes effect
5 January 1, 2012.

6 2. The amendments in this Act to sections 15G.201A and
7 15G.202, take effect July 1, 2010.

8 3. The section of this Act requiring the department of
9 agriculture and land stewardship to adopt rules to implement
10 sections 214A.2C and 214A.2D as enacted in this Act, takes
11 effect July 1, 2010.

12 EXPLANATION

13 GENERAL. This bill amends provisions relating to the
14 promotion and use of renewable fuel, and particularly biodiesel
15 fuel, derived from vegetable oils or animal fats that meet
16 standards adopted by the department of agriculture and land
17 stewardship (Code section 214A.2).

18 RENEWABLE FUEL INFRASTRUCTURE BOARD. The bill eliminates
19 a person representing the Iowa motor truck association as a
20 member of the renewable fuel infrastructure board. The board,
21 created within the department of economic development, is
22 responsible for promoting renewable fuels by awarding financial
23 incentives for the installation of infrastructure at retail
24 motor fuel sites (Code section 15G.203) and biodiesel terminal
25 facilities (Code section 15G.204).

26 BIODIESEL FUEL STANDARD. This bill applies to the
27 retail sale of diesel fuel as regulated by the department of
28 agriculture and land stewardship under Code chapter 214A.
29 Biodiesel fuel is designated by "B-xx" where "xx" is the
30 volume percent of biodiesel by volume (Code section 214A.2).
31 Currently, all biodiesel fuel must be at least B-1 (Code
32 section 214A.2). The bill increases that designation to B-5,
33 and prohibits a retail dealer from advertising for sale or
34 selling diesel fuel unless it is biodiesel fuel. It also
35 provides for a number of exceptions, including for motors

1 located at an electric generating plant regulated by the
2 nuclear regulatory commission, locomotives, vehicles primarily
3 used on the grounds of a public airport, and a motor used to
4 temporarily generate power due to a disruption in the supply
5 of electricity or natural gas. The bill provides that the
6 governor may issue a suspension order to adjust the biodiesel
7 blended fuel designation under any of three circumstances:
8 (1) a lack of infrastructure necessary to support its retail
9 sale, (2) a significant shortage of biodiesel fuel supplies in
10 this state, or (3) a systemic market change causing material
11 economic hardship to the state. The suspension order may apply
12 to all or part of the state.

13 RULEMAKING. The bill requires the department of agriculture
14 and land stewardship to adopt rules in order to implement the
15 biodiesel fuel requirements.

16 EFFECTIVE DATE. Generally, the bill takes effect on January
17 1, 2012, except for provisions relating to the membership
18 of the renewable fuel infrastructure board and departmental
19 authorization to adopt rules required to implement the bill,
20 which take effect on July 1, 2010.